

Message Text

PAGE 01 ROME 02072 01 OF 02 151904 Z

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ACTION EUR-10

INFO OCT-01 SS-14 ADP-00 EURE-00 NSC-10 NSCE-00 CIAE-00

INR-09 NSAE-00 RSC-01 EB-05 INRE-00 OMB-01 CIEP-02

RSR-01 MBFR-02 ACDA-10 PM-03 EA-13 NEA-06 IO-03 AF-04

L-02 DODE-00 STR-01 TRSE-00 SNM-02 SAJ-01 /101 W

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P 151750 Z MAR 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 7320

C O N F I D E N T I A L SECTION 1 OF 2 ROME 2072

LIMDIS

E. O. 11652: GDS

TAGS: PFOR IT

SUBJECT: VISIT OF PRIME MINISTER ANDREOTTI

1. ANDREOTTI'S DIPLOMATIC ADVISOR (CAGIATI) TELLS US THAT IN TALKS WITH PRESIDENT, PRIME MINISTER WILL WISH TO FOCUS PRIMARILY ON POLITICAL ASPECTS OF US- ITALIAN RELATIONS AND INTERNATIONAL SITUATION. ASSUMPTION IS THAT INTERNATIONAL MONETARY SITUATION WILL HAVE MOVED AWAY FROM CRISIS STAGE, PERMITTING PRIME MINISTER AND PRESIDENT TO CONCENTRATE ON POLITICAL SIDE, WITH ECONOMIC, COMMERCIAL, AND MONETARY ASPECTS EITHER FALLING INTO PLACE OR BECOMING MATTERS FOR TECHNICAL EXPERTS TO TREAT IN DETAIL. HAVING SAID THIS, CAGIATI WENT ON TO LIST MATTERS WHICH LIKELY TO BE RAISED (SEE BELOW), MAKING IT PLAIN THAT ECONOMIC SIDE WILL HAVE ITS UNAVOIDABLY FULL SHARE OF ATTENTION.

2. PRIME MINISTER WILL SEE POLITICAL SIDE AS MEETING BETWEEN LOYAL AND FULLY COMMITTED NATO ALLIES. HE WILL BE LIKELY TO RAISE CSCE, MBFR, SALT, AND FORWARD BASED SYSTEMS, IN THAT ORDER, IN NATO RELATED TOUR D' HORIZON. EAST- WEST RELATIONS AND PERHAPS MEDITERRANEAN SECURITY WILL BE RAISED WITHIN CONTEXT OF CSCE AND MBFR. CAGIATI EXPECTS FOREIGN MINISTER CONFIDENTIAL

PAGE 02 ROME 02072 01 OF 02 151904 Z

MEDICI WILL WISH DISCUSS MIDDLE EAST, FAR EAST, AND VIETNAM RECONSTRUCTION WITH SECRETARY, AS THESE SUBJECT (JAPAN WAS

SPECIFICALLY MENTIONED) ARE OF PARTICULAR INTEREST TO MEDICI. PRIME MINISTER, HOWEVER, WILL ALSO RAISE MIDDLE EAST PROBLEMS IN CONTEXT OF ENERGY SITUATION (SEE PARA 3). COMMENT: (A) NATO AND SECURITY MATTERS. ALTHOUGH ITALIAN SUPPORT FOR NATO COUNTRIES CONTINUES TO BE UNSWERVING, OFFICIALS INCREASINGLY LOOK TO THE FUTURE TO THE TIME WHEN A REDUCED U. S. COMMITMENT WILL FORCE EUROPEANS TO RELY MORE ON THEMSELVES FOR DEFENSE OF THE CONTINENT. TRADITIONAL ITALIAN CONCERN FOR SECURITY IN THE MEDITERRANEAN FOCUSES AT PRESENT NOT ONLY ON INSTABILITY RESULTING FROM ARAB- ISRAELI CONFLICT AND STRONG SOVIET PRESENCE IN THE AREA BUT ALSO ON THE NEW PATTERNS WHICH THEY FEEL WILL EMERGE IN WAKE OF CSCE AND OTHER EAST- WEST DETENTE DEVELOPMENTS. LIKE OTHER EUROPEAN STATES, THEY ARE CONCERNED ABOUT THE IMPLICATIONS OF GROWING US- SOVIET RAPPROCHEMENT AND THE POSSIBILITY OF SUPER POWER AGREEMENT OVER THE HEADS OF NATO ALLIES. CONCERNING CSCE, THE US AND ITALY HAVE WORKED IN CLOSE HARMONY TOGETHER AND WITH ALLIES IN PREPARATORY TALKS AT HELSINKI. ON SALT, ITALIANS HAVE WELCOMED US BRIEFINGS IN NAC BEFORE AND AFTER NEGOTIATING SESSIONS AND IT IS CLEAR THAT KEEPING THEM FULLY INFORMED OF THE PROGRESS OF THE TALKS IS AN INDISPENSABLE ELEMENT IN REASSURING THEM THAT EUROPEAN INTERESTS, PARTICULARLY AS REGARDS FBS, WILL BE TAKEN INTO ACCOUNT. WITH REGARD TO MBFR, ITALIANS HAVE VALUED CLOSE COLLABORANT INTERESTS (I. E., REPRESENTATION AT THE TALKS BUT NON- INCLUSION IN THE REDUCTION AREA) HAVE BEEN MAINTAINED. LIKE OTHERS, ITALIANS ARE EXTREMELY WARY OF MBFR EXERCISE BUT HAVE AGREED TO GO ALONG CHIEFLY AT US BEHEST IN UNDERSTANDING OF CONGRESSIONAL PRESSURE IN U. S. FOR UNILATERAL REDUCTIONS. HOWEVER, GOI WILL RESIST STRONGLY ANY EFFORTS TO PUT ITALY INTO REDUCTION ZONE, TO BRING BALKANS OR MEDITERRANEAN INTO DISCUSSIONS OR TO PERMIT EASTERN COUNTRIES TO INTRODUCE SUBJECT OF FORWARD BASED SYSTEMS.

(B) MIDDLE EAST. ITALIANS, SPARKED BY FOREIGN MINISTER MEDICI, APPEAR TO BE ASSUMING MORE ACTIVIST ATTITUDE TOWARD MID EAST PROBLEM. ITALY HAS SUBSTANTIAL INTERESTS IN AREA, E. G., SUEZ CANAL, OIL SUPPLY, AND SECURITY OF MEDITERRANEAN AREA. ITALIANS ENJOY RELATIVELY GOOD RELATIONS WITH BOTH ARABS AND ISRAELIS. IT PROBABLE THAT THEY WILL CHANNEL THEIR OWN EFFORTS TO ASSIST IN REACHING A MID EAST SOLUTION THROUGH THE EC, WHERE MEDICI IN RECENT MONTHS HAS GOADED HIS EUROPEAN COLLEAGUES TO TAKE A MORE ACTIVE POSTURE TOWARD THE MIDDLE EAST CRISIS. MEDICI

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PAGE 03 ROME 02072 01 OF 02 151904 Z

HAS SOUGHT U. S. VIEWS ON THE AREA SITUATION, HAS CORRESPONDED WITH THE SECRETARY ON THE SUBJECT, AND HAS TOLD THE AMBASSADOR HE WISHES TO DISCUSS THE MID EAST PROBLEM WITH HIM IN DEPTH VERY SOON. ALTHOUGH WE OF COURSE CANNOT PRECLUDE AN UNCOORDINATED INITIATIVE BY MEDICI, WE DO NOT EXPECT THAT THE ITALIANS WILL STEP OFF ON THEIR OWN OR WITHIN THE EC WITH A MID EAST INITIATIVE BEFORE CONSULTING WITH US. WE CONTINUALLY EXCHANGE VIEWS WITH THE FOREIGN MINISTRY ON THE MID EAST PROBLEM, AND WILL CONTINUE TO CAUTION THE ITALIANS THAT A MID EAST INITIATIVE

NOT COORDINATED WITH OUR EFFORTS COULD BE COUNTER- PRODUCTIVE. ITALIANS HAVE EXPRESSED A SPECIAL INTEREST IN EUROPEAN PARTICIPATION IN AND CONTRIBUTION TO RECONSTRUCTION AND REHABILITATION EFFORTS IN THE MID EAST, PARTICULARLY IN THE SUEZ CANAL AREA AFTER A SETTLEMENT. (C) THE MEDITERRANEAN IS AN AREA OF PRIMARY CONCERN FOR ITALY FOR REASONS OF GEOGRAPHY, HISTORY, SECURITY AND ECONOMICS. THE ITALIANS HAVE TRIED TO SPARK GREATER INTEREST IN THE MEDITERRANEAN, PARTICULARLY FROM THE SECURITY STANDPOINT, WITHIN NATO AND THE EC. THEY ARE CONCERNED THAT EUROPEAN DETENTE AS EXPRESSED IN THE CONTEXT OF CSCE AND MBFR COULD HAVE NEGATIVE EFFECTS ON THE SECURITY SITUATION IN THE MEDITERRANEAN. THE ITALIANS FAVOR A CSCE- TYPE CONFERENCE OF ALL MEDITERRANEAN RIPARIANS, BUT NOT UNTIL AFTER THE SUCCESSFUL CONCLUSION OF CSCE AND A SOLUTION FOR THE MID- EAST CRISIS. IN THE MEANTIME, THE ITALIANS PARTICIPATE IN A FOUR- POWER GROUP CONSISTING OF ITALY, MALTA, LIBYA AND TUNISIA, WHICH PERIODICALLY DISCUSSES SUCH NON- SECURITY PROBLEMS AS ENVIRONMENT, COMMUNICATIONS AND TOURISM. THIS GROUP COULD BECOME THE NUCLEUS OF A LARGER MEDITERRANEAN GROUPING AT A LATER DATE. (D) FAR EAST. ITALY HAS RELATIVELY FEW INTERESTS IN THE FAR EAST, AND THEY ARE PRIMARILY ECONOMIC AND COMMERCIAL. ANDREOTTI WILL BE GOING TO JAPAN IMMEDIATELY AFTER HIS VISIT TO WASHINGTON, THE ITALIANS WERE PLEASED AND RELIEVED BY THE VIETNAM ACCORDS, WELCOMING PROSPECTS FOR PEACE IN SEA AND THE ELIMINATION OF A MAJOR PROBLEM FOR ITALY' S CLOSEST ALLY. THEY WERE ALSO PLEASED TO SEE PROSPECTS FOR AN END TO THE DOMESTIC PROBLEMS VIETNAM HAS POSED FOR THE GOI, PARTICULARLY WITH LEFT- WING OPPOSITION. IN THIS CONTEXT, THE ITALIANS WILL BE AMONG THE FIRST TO THE EC TO ESTABLISH DIPLOMATIC RELATIONS WITH HANOI; WE EXPECT THEY WILL ALSO MAKE A CONTRIBUTION TO RECONSTRUCTION AND REHABILITATION EFFORTS IN VIETNAM, MOST PROBABLY THROUGH THE EC. THE ITALIANS ARE ALSO MOVING TOWARD ESTABLISHING RELATIONS WITH

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PAGE 04 ROME 02072 01 OF 02 151904 Z

NORTH KOREA, PRIMARILY FOR ECONOMIC/ COMMERCIAL REASONS. ITALY' S RELATIONS WITH CHINA ARE GOOD AND AGAIN ITALIAN

CONFIDENTIAL

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PAGE 01 ROME 02072 02 OF 02 151912 Z

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ACTION EUR-10

INFO OCT-01 ADP-00 SS-14 EURE-00 NSC-10 NSCE-00 CIAE-00

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P 151750 Z MAR 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 7321

C O N F I D E N T I A L SECTION 2 OF 2 ROME 2072

LIMDIS

INTEREST IS PRIMARILY COMMERCIAL. FOREIGN MINISTER MEDICI VISITED THE PRC IN JANUARY AND HIS COUNTERPART WILL RETURN THE VISIT SOMETIME THIS YEAR.

(E) DUNN- VANONI AGREEMENT. EMBASSY ALSO RECOMMENDS THAT LONGSTANDING PROBLEMS RELATING TO THE ITALIAN IMPLEMENTATION OF THE DUNN- VANONI AGREEMENT BE RAISED WITH ANDREOTTI. IN THIS CONNECTION, WE SUGGEST THAT SATISFACTION BE EXPRESSED TO HIM FOR THE RECENT GOI ACTION WHICH EXEMPTS U. S. MILITARY COMMANDS FROM PAYMENT OF THE NEW VALUE ADDED TAX AND ALSO EXPRESS APPRECIATION THAT STEPS ARE BEING TAKEN TO EXEMPT U. S. FORCES FROM THE PAYMENT OF OTHER NON- IVA TAXES. HOWEVER, ANDREOTTI SHOULD BE REMINDED THAT THE PROBLEM OF REIMBURSEMENT BY GOI FOR PAST TAXES HAS NOT BEEN RESOLVED AND THE HOPE SHOULD BE EXPRESSED THAT RESOLUTION OF THIS ISSUE WILL BE FORTHCOMING SHORTLY.

3. ON ECONOMIC SIDE, WHICH CAGIATI AGAIN SAID WOULD TAKE PRECEDENCE AFTER POLITICAL ASPECTS, PRIME MINISTER WILL EXPECT US/ EC RELATIONS TO BE DISCUSSED, INCLUDING REVERSE PREFERENCES. MONETARY PROBLEMS MAY BE RAISED BY PRIME MINISTER, ALTHOUGH MEDICI IS VERY INTERESTED THIS SUBJECT (ROME' S 1795) AND FOREIGN MINISTER/ SECRETARY TALKS, PERHAPS WITH TECHNICAL EXPERTS, MIGHT MORE PRODUCTIVELY ADDRESS THIS MATTER. MULTILATERAL TRADE NEGOTIATIONS, GATT, AND VIETNAM RECONSTRUCTION WILL PERHAPS BE MATTERS ALSO FOR FOREIGN MINISTER/ SECRETARY MEETING. FINALLY, ON ECONOMIC SIDE, CONFIDENTIAL

PAGE 02 ROME 02072 02 OF 02 151912 Z

CAGIATI EXPECTS PRIME MINISTER WILL WISH TO DISCUSS THE ENERGY SITUATION, WITH PARTICULAR EMPHASIS ON THE MID EAST. COMMENT: HE HAS SUGGESTED DESIRABILITY OF GREATER INDUSTRIAL COUNTRY EFFORT TO ACHIEVE COORDINATION (THRU OECD) ON WORLD- WIDE ENERGY POLICY MATTERS, PERHAPS EVENTUALLY INCLUDING A MAJOR CONFERENCE ON SUBJECT. IN CONVERSATION WITH US HE HAS ALSO EXPRESSED CONCERN THAT COMPETITIVE NATIONAL POLICIES COULD HAVE AN EFFECT ON FREEDOM OF ACTIVITY OF MAJOR INTERNATIONAL OIL COMPANIES. IN SAME CONVERSATION, PRIME MINISTER STRESSED HIS CONVICTION THAT MULTILATERAL TRADE TALKS SHOULD BE THOROUGHLY PREPARED BY EXPLORATION OF AREAS WHICH WOULD BE POLITICALLY SENSITIVE IN THE NEGOTIATIONS. HE SUGGESTED WIDE EXCHANGE OF VIEWS ON THIS SUBJECT.

4. NARCOTICS. THE PRESIDENT MAY WISH TO EXPRESS OUR APPRECIATION

FOR THE FINE COOPERATION RECEIVED FROM THE ITALIAN GOVERNMENT IN OUR FIGHT AGAINST NARCOTICS TRAFFICKING. HE MAY ALSO WISH TO EXPRESS OUR HOPE FOR CONTINUED GROWTH IN COOPERATION IN THIS IMPORTANT AREA PARTICULARLY SINCE RECENT EVIDENCE INDICATES THAT ONCE AGAIN ITALY AND ITALIAN CRIMINAL ELEMENTS ARE PLAYING AN INCREASINGLY IMPORTANT ROLE IN TRAFFICKING OF PURE HEROIN TO THE U. S. AND CANADA.

5. COMPOSITION OF ITALIAN PARTY NOT YET FIRM. DEFINITIVE LIST IS EXPECTED TO BE AVAILABLE LATER THIS WEEK AND WILL BE CABLED ASAP.

6. CAGIATI ASKED FOR U. S. VIEWS ON WHETHER THERE SHOULD BE AGENDA FOR TALKS, OR WHETHER OUR EXCHANGES HERE AND IN WASHINGTON WOULD BE SUFFICIENT. ALTHOUGH WE ASSUME DEPARTMENT'S DISCUSSIONS WITH ORTONA WILL HAVE COVERED QUESTION, WE WOULD APPRECIATE INSTRUCTION THIS POINT.

7. IN ADDITION TO ABOVE, WE BELIEVE PRESIDENT MAY WISH TO THANK PRIME MINISTER FOR EXPRESSIONS OF CONFIDENCE IN PRESIDENT'S LEADERSHIP WHICH PRIME MINISTER MADE IN PARLIAMENT AT OUTSET OF 1972 PRESIDENTIAL CAMPAIGN (ROME'S 4078), AND FOR UNSWERVING SUPPORT OF WESTERN ALLIANCE WHICH ANDREOTTI HAS MAINTAINED AS PRIME MINISTER AND BEFORE, INCLUDING THE PERIOD OF HIS LONG TENURE AS GOI DEFENSE MINISTER IN 7 CABINETS (FEBRUARY 1959 TO JANUARY 1966). VOLPE

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